

[4310-MR-W]

DEPARTMENT OF THE INTERIOR

Minerals Management Service

Agency Information Collection Activities: Proposed Collection, Comment Request

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Notice of an extension of a currently approved information collection (OMB Control Number 1010-0042).

SUMMARY: To comply with the Paperwork Reduction Act (PRA) of 1995, we are inviting comments on a collection of information that we will submit to the Office of Management and Budget (OMB) for review and approval. The information collection request (ICR) is titled “30 CFR Part 208 – Sale of Federal Royalty Oil; Royalty-in-Kind (RIK) Program (Form MMS-4070, Application for the Purchase of Royalty Oil).”

DATES: Submit written comments on or before (INSERT DATE 60 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER).

ADDRESSES: Submit written comments to Sharron L. Gebhardt, Regulatory Specialist, Minerals Management Service, Minerals Revenue Management, P.O. Box 25165, MS 320B2, Denver, Colorado 80225-0165. If you use an overnight courier service, our courier address is Building 85, Room A-614, Denver Federal Center, Denver, Colorado 80225-0165. You may also email your comments to us at mrm.comments@mms.gov. Include the title of the information collection and the OMB control number in the “Attention” line of your comment.

Also, include your name and return address. Submit electronic comments as an ASCII file avoiding the use of special characters and any form of encryption. If you do not receive a confirmation that we have received your email, contact Ms. Gebhardt at (303) 231-3211.

FOR FURTHER INFORMATION CONTACT: Sharron L. Gebhardt, telephone (303) 231-3211, FAX (303) 231-3781, or email sharron.gebhardt@mms.gov.

SUPPLEMENTARY INFORMATION:

Title: 30 CFR Part 208 – Sale of Federal Royalty Oil; Royalty-in-Kind (RIK) Program (Form MMS-4070, Application for the Purchase of Royalty Oil).

OMB Control Number: 1010-0042

Bureau Form Number: Form MMS-4070

Abstract: The Secretary of the U.S. Department of the Interior (DOI) is responsible for collecting royalties from lessees who produce minerals from leased Federal and Indian lands. The Secretary is required by various laws to manage mineral resources production on Federal and Indian lands, collect the royalties due, and distribute the funds in accordance with those laws. The MMS performs the royalty management functions for the Secretary.

"Royalty oil" is crude oil produced from leased Federal lands, both onshore and offshore, in instances in which the Government exercises the option to accept a lessee's royalty payment in oil rather than in money. Title to the oil is transferred to the Government and then sold to an eligible refiner. When the Secretary determines that small refiners do not have access to adequate supplies of oil, the Secretary may dispose of any oil taken as royalty by conducting a sale of such oil, or by allocating it to eligible refiners.

When the Secretary decides to offer royalty oil taken in kind for sale to eligible refiners, MMS will publish a “Notice of Availability of Royalty Oil” (NOA) in the Federal Register, and other printed media, when appropriate. The NOA includes administrative details concerning the application, the allocation, and the contract award process for the royalty oil. The refiners interested in purchasing royalty oil will submit the Application for the Purchase of Royalty Oil, Form MMS-4070, in accordance with instructions in the Notice, and with instructions issued by MMS for completion of the form. The MMS uses the information collected on the Form MMS-4070 to determine if the applicant meets eligibility requirements to contract to purchase royalty oil. Information collected also provides a basis for the allocation of available royalty oil among qualified refiners. Responses to this information collection are necessary for refiners to participate in royalty oil sales.

No proprietary information will be submitted to MMS under this collection. No items of a sensitive nature are collected. The requirement to respond is voluntary for those respondents requesting to participate in this program.

We are revising this ICR, OMB Control Number 1010-0042, to include additional reporting requirements contained in 30 CFR Part 208 that were not approved under the original OMB approval for this ICR. We also changed the title to more closely reflect the information we are collecting. We changed the ICR title from “Application of the Purchase of Royalty Oil” to “30 CFR Part 208 – Sale of Federal Royalty Oil; Royalty-in-Kind (RIK) Program (Form MMS-4070, Application for the Purchase of Royalty Oil).”

Frequency of Response: On occasion.

Estimated Number and Description of Respondents: 19 small oil refiners.

Estimated Annual Reporting and Recordkeeping “Hour” Burden: 20.25 hours.

The following chart shows the breakdown of the estimated burden hours by the respective CFR section and paragraph:

Respondent Annual Burden Hour Chart

30 CFR Section	Reporting Requirement	Burden Hours per Response	Annual Number of Responses	Annual Burden Hours
208.4 (a)	Royalty oil sales to eligible refiners. (a) <i>Determination to take royalty oil in kind.</i> * * * The Secretary will review these items [submitted by small refiners] and will determine whether eligible refiners have access to adequate supplies of crude oil * * * (<i>Determination process</i>)	Burden covered by OMB Control Number 1010-0119.		
208.4 (d)	Royalty oil sales to eligible refiners. (d) <i>Interim sales.</i> * * * The potentially eligible refiners, individually or collectively, must submit documentation demonstrating that adequate supplies of crude oil at equitable prices are not available for purchase. * * * (<i>Determination process</i>)	Burden covered by OMB Control Number 1010-0119. See § 208.4(a)		
208.6 (a) & (b)	General application procedures. (a) To apply for the purchase of royalty oil, an applicant must file a Form MMS-4070 with MMS in accordance with instructions provided in the “Notice of Availability of Royalty Oil” and in accordance with any instructions issued by MMS for completion of Form MMS-4070. The applicant will be required to submit a letter of intent from a qualified financial institution stating that it would be granted surety coverage for the royalty oil for which it is applying, or other such proof of surety coverage, as deemed acceptable by MMS. The letter of intent must be submitted with a completed Form MMS-4070. (b) In addition to any other application requirements	1.25	8	10

30 CFR Section	Reporting Requirement	Burden Hours per Response	Annual Number of Responses	Annual Burden Hours
	specified in the Notice, the following information is required on Form MMS-4070 at the time of application: * * * (<i>Application process</i>)			
208.7 (a)	Determination of eligibility. (a) The MMS will examine each application and may request additional information if the information in the application is inadequate. * * * (<i>Application process</i>)	0.25	1	0.25
208.8 (a)	Transportation and delivery. (a) * * * The purchaser must have physical access to the oil at the alternate delivery point and such point must be approved by MMS. (<i>Application process</i>)	1	1	1
208.8 (b)	Transportation and delivery. (b) * * * If the delivery point is on or immediately adjacent to the lease, the royalty oil will be delivered without cost to the Federal Government as an undivided portion of production in marketable condition at pipeline connections or other facilities provided by the lessee, unless other arrangements are approved by MMS. If the delivery point is not on or immediately adjacent to the lease, MMS will reimburse the lessee for the reasonable cost of transportation to such point in an amount not to exceed the transportation allowance determined pursuant to 30 CFR part 206. * * * (<i>Application process</i>)	Burden covered by OMB Control Number 1010-0140. This provision is no different than the transportation allowances allowed in Part 206 for royalties paid in value. The lessee enters allowance amount on Form MMS-2014.		
208.9 (a)	Agreements. (a) A purchaser must submit to MMS two copies of any written third-party agreements, or two copies of a full written explanation of any oral third-party agreements, relating to the method and costs of delivery of royalty oil, or crude oil exchanged for the royalty oil, from the point of delivery under the contract to the purchaser's refinery. In addition, the purchaser must submit copies of agreements pertaining to quality differentials which may occur between leases and delivery points.	1	8	8

30 CFR Section	Reporting Requirement	Burden Hours per Response	Annual Number of Responses	Annual Burden Hours
	<i>(Application process)</i>			
208.10 (d)	Notices. (d) After MMS notification that royalty oil will be taken in kind, the operator shall be responsible for notifying each working interest on the Federal lease. * * * <i>(Application process)</i>	Burden covered by OMB Control Number 1010-0126.		
208.10 (e)	Notices. (e) A purchaser cannot transfer, assign, or sell its rights or interest in a royalty oil contract without written approval of the Director, MMS. * * * Without express written consent from MMS for a change in ownership, the royalty oil contract shall be terminated. * * * <i>(Application process)</i>	1	1	1
208.11 (a), (d), and (e)	Surety requirements. (a) The eligible purchaser, prior to execution of the contract, shall furnish an "MMS-specified surety instrument," in an amount equal to the estimated value of royalty oil that could be taken by the purchaser in a 99-day period, plus related administrative charges. * * * (d) The "MMS-specified surety instrument" shall be in a form specified by MMS instructions or approved by MMS. * * * (e) All surety instruments must be in a form acceptable to MMS and must include such other specific requirements as MMS may require adequately to protect the Government's interests. <i>(Sureties Forms MMS-4071 and MMS-4072)</i>	Burden covered by OMB Control Number 1010-0135.		
208.11 (b)	Surety requirements. (b) * * * The purchaser or its surety company may elect not to renew the letter of credit at any monthly anniversary date, but must notify MMS of its intent not to renew at least 30 days prior to the anniversary date. * * * <i>(Sureties Forms MMS-4071 and MMS-4072)</i>	Burden covered by OMB Control Number 1010-0135.		

30 CFR Section	Reporting Requirement	Burden Hours per Response	Annual Number of Responses	Annual Burden Hours
208.15	Audits. Audits of the accounts and books of lessees, operators, payors, and/or purchasers of royalty oil taken in kind may be made annually or at such other times as may be directed by MMS. * * *	PRODUCE RECORDS Office of Regulatory Affairs determined that the compliance process is exempt from the PRA because MMS staff ask non-standard questions to resolve exception.		
	Total	4.5	19	20.25

Estimated Annual Reporting and Recordkeeping “Non-hour Cost” Burden: We have identified no “no-hour” cost burdens.

Comments: The PRA (44 U.S.C. 3501, et seq.) provides that an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Before submitting an ICR to OMB, the PRA Section 3506(c)(2)(A) requires each agency “* * * to provide notice * * * and otherwise consult with members of the public and affected agencies concerning each proposed collection of information * * *.” Agencies must specifically solicit comments to: (a) evaluate whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b) evaluate the accuracy of the agency’s estimate of the burden of the proposed collection of information; (c) enhance the quality, usefulness, and clarity of the information to be collected; and (d) minimize the burden on the respondents, including the use of automated collection techniques or other forms of information technology.

The PRA also requires agencies to estimate the total annual reporting “non-hour cost” burden to respondents or recordkeepers resulting from the collection of information. We have not identified non-hour cost burdens for this information collection. If you have costs to generate, maintain, and disclose this information, you should comment and provide your total capital and startup cost components or annual operation, maintenance, and purchase of service components. You should describe the methods you use to estimate major cost factors, including system and technology acquisition, expected useful life of capital equipment, discount rate(s), and the period over which you incur costs. Capital and startup costs include, among other items, computers and software you purchase to prepare for collecting information; monitoring, sampling, testing equipment; and record storage facilities. Generally, your estimates should not include equipment or services purchased: (i) before October 1, 1995; (ii) to comply with requirements not associated with the information collection; (iii) for reasons other than to provide information or keep records for the Government; or (iv) as part of customary and usual business or private practices.

We will summarize written responses to this notice and address them in our ICR submission for OMB approval, including appropriate adjustments to the estimated burden.

We will provide a copy of the ICR to you without charge upon request, and the ICR will also be posted on our web site at http://www.mrm.mms.gov/Laws_R_D/FRNotices/FRInfColl.htm.

Public Comment Policy: We will post all comments in response to this notice on our web site at http://www.mrm.mms.gov/Laws_R_D/FRNotices/FRInfColl.htm. We will also make copies of the comments available for public review, including names and addresses of

respondents, during regular business hours at our offices in Lakewood, Colorado. Individual respondents may request we withhold their home address from the public record, which we will honor to the extent allowable by law. There also may be circumstances in which we would withhold from the rulemaking record a respondent's identity, as allowable by law. If you request that we withhold your name and/or address, state this prominently at the beginning of your comment. However, we will not consider anonymous comments. We will make all submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, available for public inspection in their entirety.

MMS Acting Information Collection Clearance Officer: Arlene Bajusz (202) 208-7744.

Date

Lucy Querques Denett
Associate Director for
Minerals Revenue Management